

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	79,404	68,397	243,571	202,386
Cost of sales	(70,812)	(58,902)	(212,513)	(175,132)
Gross profit	8,592	9,495	31,058	27,254
Other income	534	2,277	342	3,160
Finance income	458	287	1,494	756
Administration and general expenses	(1,859)	(1,873)	(5,654)	(6,478)
Selling and marketing expenses	(2,510)	(2,127)	(7,652)	(6,770)
Finance cost	-	-	-	(7)
Profit before taxation	5,215	8,059	19,588	17,915
Income tax expense	(2,170)	(2,105)	(5,570)	(4,134)
Profit after taxation, representing total comprehensive income for the period	3,045	5,954	14,018	13,781
Basic earnings per ordinary share (sen)	1.62	3.17	7.47	7.37
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 30 Sep 2016	(Audited) As at Preceding Financial Year Ended 31 Dec 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,639	67,452
Current assets		
Inventories	40,661	40,110
Trade and other receivables	38,432	41,873
Investment securities	46,730	50,112
Cash and bank balances	4,290	10,177
Tax recoverable	-	63
TOTAL ASSETS	203,752	209,787
EQUITY AND LIABILITIES		
Equity		
Share capital	93,844	93,844
Share premium	4,929	4,929
Treasury share	(21)	(21)
Reserves	66,919	66,037
	165,671	164,789
Non-current liability		
Deferred tax liability	8,981	8,981
Current liabilities		
Trade and other payables	26,765	33,281
Tax provision	2,335	2,736
	29,100	36,017
TOTAL LIABILITIES	38,081	44,998
TOTAL EQUITY AND LIABILITIES	203,752	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 financial statements.

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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 30 Sep 2016</i>						
At 1 January 2016	93,844	4,929	(21)	-	66,037	164,789
Dividends paid to shareholders	-	-	-	-	(13,136)	(13,136)
Total comprehensive income for the period	-	-	-	-	14,018	14,018
At 30 September 2016	93,844	4,929	(21)	-	66,919	165,671
<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

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 9 months ended 30 Sep 2016 RM'000	Unaudited 9 months ended 30 Sep 2015 RM'000
OPERATING ACTIVITIES		
Profit before taxation	19,588	17,915
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	6,387	5,924
Loss/(gain) on disposal of property, plant and equipment	10	(11)
Property, plant and equipment written off	-	3
Interest expense	-	7
Interest income	(1,494)	(756)
Provision for doubtful debt	-	130
Reversal of impairment loss on receivables	(26)	-
Gain on foreign exchange - unrealised	(130)	-
Operating cash flows before working capital changes	24,335	23,212
(Increase)/decrease in inventories	(551)	4,258
Decrease in receivables	3,856	510
(Decrease)/increase in payables	(6,841)	5,535
Cash flows from operations	20,799	33,515
Interest paid	-	(7)
Income taxes paid	(5,908)	(3,010)
Net cash flows from operating activities	14,891	30,498
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,585)	(10,180)
Proceeds from disposal of property, plant and equipment	1	11
Interest received	1,494	756
Net cash flows used in investing activities	(11,090)	(9,413)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	2,835
Repayment of short term borrowings	-	(4,680)
Dividend paid	(13,136)	(15,012)
Net cash flows used in financing activities	(13,136)	(16,857)
Net (decrease)/increase in cash and cash equivalents	(9,335)	4,228
Cash and cash equivalents at 1 January	60,288	37,817
Effects of exchange differences	67	-
Cash and cash equivalents at 30 September	51,020	42,045
<u>Notes :</u>		
Cash and cash equivalents in the cash flow statement comprise of :-		
Cash and bank balances	4,290	6,930
Short term deposits with financial institutions	46,730	35,115
	51,020	42,045

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 18 November 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)

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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 2018

- MFRS 2 Classification and Measurements of Share-based Payment Transactions (Amendments to MFRS 2)
- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers and Clarifications to MFRS 15

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 30 September 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.

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A.8 Dividend paid

The following dividend payments were made during the current quarter and 9 months period ended 30 September 2016:

	RM'000
In respect of the financial year ended 31 December 2015:	
- Second interim single-tier dividend of 3 sen per share, paid on 17 March 2016	<u>5,630</u>
In respect of the financial year ending 31 December 2016:	
- First interim single-tier dividend of 2 sen per share, paid on 24 June 2016	3,753
- Second interim single-tier dividend of 2 sen per share, paid on 22 September 2016	<u>3,753</u>
	<u>7,506</u>
Total dividend paid as at 30 September 2016	<u><u>13,136</u></u>

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		9 months ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	16,703	15,536	49,469	43,693
- Export	<u>62,701</u>	<u>52,861</u>	<u>194,102</u>	<u>158,693</u>
Total operating revenue	<u><u>79,404</u></u>	<u><u>68,397</u></u>	<u><u>243,571</u></u>	<u><u>202,386</u></u>

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 September 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

The Group's performances for the 9 months period ended 30 September 2016 ("9MFY16") compared with 9-month period ("9MFY15") are as follows:

Description	9MFY16 RM'000	9MFY15 RM'000	Change %
Revenue	243,571	202,386	+20.35
PBT	19,588	17,915	+9.33
PAT	14,018	13,781	+1.72

For the 9 months ended 30 September 2016, the Group achieved higher operating revenue of RM243.57 million, an increase of 20.35% compared to RM202.39 million in the corresponding period last year mainly due to the higher sales volume from export market.

The Group achieved a higher unaudited profit before tax ("PBT") for the period under review of RM19.59 million, an increase of 9.33% compared to unaudited PBT of RM17.92 million in the same period last year. This was mainly contributed by higher revenue growth.

Unaudited profit after tax ("PAT") for the period under review was only marginally higher by 1.72% at RM14.02 million, compared to the unaudited PAT of RM13.78 million in the same period last year. This is due to higher effective tax rate of 28.44% for the period under review compared to 23.08% in the same period last year as a result of additional tax expense arising from the reversal of Automation Capital Allowance as explained in Note B.6.

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("3Q16") compared with the preceding quarter ("2Q16") is as follows:

Description	3Q16 RM'000	2Q16 RM'000	Change %
Revenue	79,404	78,811	+0.75
PBT	5,215	6,794	-23.24
PAT	3,045	5,194	-41.37

Operating revenue for the current quarter ended 30 September 2016 of RM79.40 million was slightly higher by 0.75% compared to RM78.81 million in the preceding quarter.

Unaudited PBT of RM5.22 million for the quarter under review was lower by 23.24% compared with the unaudited PBT of RM6.79 million in the preceding quarter mainly due to margin compression arising from higher operating costs driven by higher resin prices and minimum wage increased from 1 July 2016.

Unaudited PAT for the quarter under review was RM3.05 million, a decrease of 41.37% compared to the unaudited PAT of RM5.19 million in the preceding quarter mainly due to the reasons as highlighted above and the additional tax expense arising from the reversal of Automation Capital Allowance as explained in Note B.6.

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B.3 Current year prospects

The Board is mindful of the many challenges ahead arising from sluggish global economic recovery, extreme volatilities in recent foreign exchange rate and the weakening domestic market while competition continues to intensify. The Group continues to seek opportunities for machine and product innovations, and implement strategies to achieve higher export sales.

The Board is pleased to inform that a brand new Cast Stretch Film machine has been purchased and the commissioning of it is on schedule. With the expansion of additional production capacity and on-going cost management and rationalisation measures coupled with progressive quality and efficiency enhancements, the Group remains focused to deliver a satisfactory performance in the financial year ending 31 December 2016.

B.4 Financial estimate, forecast, projection / profit guarantee

There were no financial estimate, forecast or projection and profit guarantee issued by the Group.

B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sep 2016 RM'000	30 Sep 2015 RM'000	30 Sep 2016 RM'000	30 Sep 2015 RM'000
Interest income	(458)	(287)	(1,494)	(756)
Interest expense	-	-	-	7
Depreciation of property, plant and equipment	2,135	2,180	6,387	5,924
Loss/(gain) on disposal of property, plant and equipment	10	-	10	(11)
Property, plant and equipment written off	-	3	-	3
Provision for doubtful debt	-	-	-	130
Reversal of impairment loss on receivables	-	-	(26)	-
Foreign exchange (gain)/loss – realised	(236)	(2,210)	180	(2,933)
Foreign exchange (gain)/loss – unrealised	(130)	-	(130)	-

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B.6 Taxation

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	1,000	2,105	4,400	4,784
- Underprovided in prior year	1,170	-	1,170	-
Deferred tax	-	-	-	(650)
	<u>2,170</u>	<u>2,105</u>	<u>5,570</u>	<u>4,134</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 41.61%, which is higher than the previous corresponding period's effective tax rate of 26.12% due to a reversal of Automation Capital Allowance previously provided in last financial year as the Gazette Order of this tax mechanism has yet to be finalised as at date of this quarterly report.

As such the Group's tax submission for the Year of Assessment 2015 in August 2016 did not claim the Automation Capital Allowance that was announced in Malaysia Budget 2015, despite having the requisite SIRIM/MIDA approval as the legislation for this tax incentive has yet to be gazetted by the Ministry of Finance.

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.

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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 earnings disclosure

The breakdown of the retained earnings of the Group as at 30 September 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 30 Sep 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	111,600	110,684
- Unrealised	(8,981)	(8,947)
	102,619	101,737
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained earnings as per consolidated accounts	66,919	66,037

B.13 Capital commitment

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

	30 Sep 2016 RM'000 (Unaudited)	31 Dec 2015 RM'000 (Audited)
Approved and contracted for	1,259	-

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

The Board of Directors of the Company proposed a third interim dividend (Single-tier) of 2 sen per share in respect of the financial year ending 31 December 2016. The entitlement date is fixed on 9 December 2016 and payment will be made on 22 December 2016.

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		9 months ended	
		30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
Net profit for the period	RM('000)	3,045	5,954	14,018	13,781
Weighted average number of ordinary shares in issue	('000)	187,688	187,688	187,688	186,984
Basic earnings per share	(sen)	1.62	3.17	7.47	7.37

By Order of the Board

Company Secretary

DATED: 18 November 2016