

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	84,333	85,356	84,333	85,356
Cost of sales	(75,313)	(73,052)	(75,313)	(73,052)
Gross profit	9,020	12,304	9,020	12,304
Other income	300	(587)	300	(587)
Finance income	163	500	163	500
Administration and general expenses	(1,967)	(1,987)	(1,967)	(1,987)
Selling and marketing expenses	(2,487)	(2,651)	(2,487)	(2,651)
Profit before taxation	5,029	7,579	5,029	7,579
Income tax expense	(1,400)	(1,800)	(1,400)	(1,800)
Profit after taxation, representing total comprehensive income for the period	3,629	5,779	3,629	5,779
Basic earnings per ordinary share (sen)	1.93	3.08	1.93	3.08
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 2016 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 Mar 2017	(Audited) As at Preceding Financial Year End 31 Dec 2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,711	75,065
Current assets		
Inventories	52,764	72,699
Trade and other receivables	38,765	47,983
Short-term investments	7,118	19,040
Cash and bank balances	21,860	26,028
Current tax assets	666	758
	121,173	166,508
TOTAL ASSETS	193,884	241,573
EQUITY AND LIABILITIES		
Equity		
Share capital	98,773	93,844
Share premium	-	4,929
Treasury shares	(21)	(21)
Retained earnings	66,891	67,015
	165,643	165,767
Non-current liability		
Deferred tax liabilities	9,599	9,599
Current liabilities		
Trade and other payables	18,642	65,472
Derivative liabilities	-	735
	18,642	66,207
TOTAL LIABILITIES	28,241	75,806
TOTAL EQUITY AND LIABILITIES	193,884	241,573
<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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	<--- Non-distributable ---> Share Premium RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000
<i>For the period ended 31 Mar 2017</i>					
At 1 January 2017	93,844	4,929	(21)	67,015	165,767
Adjustments for effect of Companies Act 2016 (Note a)	4,929	(4,929)	-	-	-
Dividends paid to shareholders	-	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	-	3,629	3,629
At 31 March 2017	98,773	-	(21)	66,891	165,643
<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

Note a

Pursuant to the Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

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 2016 and the accompanying explanatory notes to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended 31 Mar 2017 RM'000	Unaudited 3 months ended 31 Mar 2016 RM'000
OPERATING ACTIVITIES		
Profit before taxation	5,029	7,579
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	2,436	2,123
Interest income	(163)	(500)
Reversal of impairment loss on receivables	-	(26)
Loss on foreign exchange - unrealised	22	822
Operating cash flows before working capital changes	7,324	9,998
Decrease in inventories	19,935	7,446
Decrease in receivables	9,233	2,170
(Decrease)/increase in payables	(46,843)	372
Cash flows (used in)/from operations	(10,351)	19,986
Income taxes paid	(1,308)	(919)
Net cash flows (used in)/from operating activities	(11,659)	19,067
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(82)	(2,231)
Interest received	163	500
Net cash flows from/(used in) investing activities	81	(1,731)
FINANCING ACTIVITIES		
Dividends paid	(3,753)	(5,630)
Net cash flows used in financing activities	(3,753)	(5,630)
Net (decrease)/increase in cash and cash equivalents	(15,331)	11,706
Cash and cash equivalents at 1 January	45,068	60,288
Effects of exchange differences	(24)	(1,012)
Fair value changes in financial derivatives	(735)	-
Cash and cash equivalents at 31 March	28,978	70,982
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	21,859	21,789
Repository deposits with a licensed bank	-	2,954
Short term deposits with financial institutions	7,119	46,239
	28,978	70,982

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2017

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 26 May 2017.

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 2016. 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 2016.

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 2016.

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 2018

- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 Effective Date of MFRS 15
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 15: Classifications to MFRS 15
- Amendments to MFRS 140: Transfer of Investment Property

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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 (cont'd)

Annual Improvement to MFRS Standards 2014-2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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 2017, 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 3 months period ended 31 March 2017:

	RM'000
In respect of the financial year ended 31 December 2016:	
- Fourth Single Tier interim dividend of 2 sen per share, paid on 30 March 2017	<u>3,753</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 geographical segments as follows:

	Current quarter				Cumulative quarter			
	3 months ended		3 months ended		3 months ended		3 months ended	
	31 Mar		31 Mar		31 Mar		31 Mar	
	2017		2016		2017		2016	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Malaysia	19,438	23%	14,751	17%	19,438	23%	14,751	17%
South Korea	16,415	20%	19,382	23%	16,415	20%	19,382	23%
Japan	14,449	17%	16,262	19%	14,449	17%	16,262	19%
Other ASEAN Countries	8,502	10%	7,228	9%	8,502	10%	7,228	9%
Singapore	7,879	9%	8,575	10%	7,879	9%	8,575	10%
Australasia	6,268	7%	8,021	9%	6,268	7%	8,021	9%
Other Far East Countries	4,798	6%	7,168	8%	4,798	6%	7,168	8%
Other countries	6,584	8%	3,969	5%	6,584	8%	3,969	5%
Total operating revenue	<u>84,333</u>	100%	<u>85,356</u>	100%	<u>84,333</u>	100%	<u>85,356</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 March 2017 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.

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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 2016.

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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 performance for the current quarter ("1Q17") compared with the corresponding period last year ("1Q16") is as follows:

Description	Unaudited 1Q17 RM'000	Unaudited 1Q16 RM'000	Change %
Revenue	84,333	85,356	-1.20
PBT	5,029	7,579	-33.65
PAT	3,629	5,779	-37.20

For the 3 months ended 31 March 2017, the Group achieved slightly lower operating revenue of RM84.33 million, a decrease of 1.20% compared to RM85.36 million in 1Q16.

The Group achieved a lower unaudited profit before tax (PBT) for the quarter under review of RM5.03 million, a decrease of 33.65% compared to unaudited PBT of RM7.58 million in 1Q16.

Unaudited profit after tax (PAT) for the quarter under review was also lower by 37.20% at RM3.63 million, compared to the unaudited PAT of RM5.78 million in 1Q16.

The decline in PBT and PAT for the quarter under review were mainly due to significant increase in resin prices and production costs.

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("1Q17") compared with the preceding quarter ("4Q16") is as follows:

Description	Unaudited 1Q17 RM'000	Unaudited 4Q16 RM'000	Change %
Revenue	84,333	80,787	+4.39
PBT	5,029	3,280	+53.32
PAT	3,629	3,848	-5.69

Operating revenue for the current quarter ended 31 March 2017 of RM84.33 million was higher by 4.39% compared to RM80.79 million in 4Q16.

Unaudited PBT of RM5.03 million for the quarter under review was higher by 53.32% compared with the unaudited PBT of RM3.28 million in 4Q16 mainly due to RM239,000 net foreign exchange gain in 1Q17 compared to RM2.03 million net foreign exchange loss and fair value loss of foreign exchange forward contracts incurred in 4Q16.

However, unaudited PAT of RM3.63 million for the quarter under review was lower by 5.69% compared with the unaudited PAT of RM3.85 million in 4Q16 mainly due to the availability of reinvestment allowance of a subsidiary which had been claimed in 4Q16.

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B.3 Current year prospects

Amidst the uneven global economic recovery, the Group will continue with its growth strategies on capacity building and expansion of its range of innovative and quality products to cater to the resilient and increasing packaging demand from a rising global population, and the urbanisation of major exporting countries in the Asia-Pacific region.

As part of its on-going sales strategy on product differentiation and commitment to deliver cost-efficient, consistent quality products to customers, the Group's dedicated in-house technical team will continue to work cohesively with the sales and marketing team to review existing product lines/product mix, and identify focus areas of product development.

Concurrently, the Group will continue to invest into human capital, training and development with focus on internal in-process skill set and competencies enhancement, identification and reduction of internal wastages and inefficiencies to achieve cost optimisation.

Barring any unforeseen circumstances, the Group endeavours to deliver a satisfactory performance in the financial year ending 31 December 2017.

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	
	31 Mar	31 Mar	31 Mar	31 Mar
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(163)	(500)	(163)	(500)
Depreciation of property, plant and equipment	2,436	2,123	2,436	2,123
Reversal of impairment loss on receivables	-	(26)	-	(26)
Foreign exchange (gain)/loss – realised	(261)	(110)	(261)	(110)
Foreign exchange (gain)/loss – unrealised	22	822	22	822

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B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Income tax	1,400	1,800	1,400	1,800
Deferred tax	-	-	-	-
	<u>1,400</u>	<u>1,800</u>	<u>1,400</u>	<u>1,800</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 27.83%, which is higher than the previous corresponding period's effective tax rate of 23.75% 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 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 March 2017 and 31 December 2016 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 2017 RM'000 (unaudited)	Previous financial year ended 31 Dec 2016 RM'000 (audited)
Total retained earnings of BP Plastics Holding Bhd and its subsidiaries:		
- Realised	112,190	112,713
- Unrealised	(9,599)	(9,998)
	102,591	102,715
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained earnings as per consolidated accounts	66,891	67,015

B.13 Capital commitment

There was no capital commitment for the Group as at end of the current quarter.

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 single tier interim dividend of 2 sen per share in respect of the financial year ending 31 December 2017. The entitlement date is fixed on 19 June 2017 and payment will be made on 30 June 2017.

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 2016 was not subject to any audit qualification.

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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
		2017	2016	2017	2016
Net profit for the period	(RM'000)	3,629	5,779	3,629	5,779
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	1.93	3.08	1.93	3.08

By Order of the Board

Company Secretary

DATED: 26 May 2017