

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	73,833	78,811	158,166	164,167
Cost of sales	(67,563)	(68,649)	(142,875)	(141,701)
Gross profit	6,270	10,162	15,291	22,466
Other income	(399)	394	(99)	(192)
Finance income	179	536	342	1,036
Administration and general expenses	(1,671)	(1,808)	(3,638)	(3,796)
Selling and marketing expenses	(2,221)	(2,490)	(4,708)	(5,141)
Profit before taxation	2,158	6,794	7,188	14,373
Income tax expense	(531)	(1,600)	(1,931)	(3,400)
Profit after taxation, representing total comprehensive income for the period	1,627	5,194	5,257	10,973
Basic earnings per ordinary share (sen)	0.87	2.77	2.80	5.85
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 30 Jun 2017	(Audited) As at Preceding Financial Year End 31 Dec 2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,398	75,065
Current assets		
Inventories	54,305	72,699
Trade and other receivables	35,891	47,983
Short-term investments	15,341	19,040
Cash and bank balances	14,272	26,028
Current tax assets	769	758
	120,578	166,508
TOTAL ASSETS	190,976	241,573
EQUITY AND LIABILITIES		
Equity		
Share capital	98,773	93,844
Share premium	-	4,929
Treasury shares	(21)	(21)
Retained earnings	64,766	67,015
	163,518	165,767
Non-current liability		
Deferred tax liabilities	9,968	9,599
Current liabilities		
Trade and other payables	17,490	65,472
Derivative liabilities	-	735
	17,490	66,207
TOTAL LIABILITIES	27,458	75,806
TOTAL EQUITY AND LIABILITIES	190,976	241,573
<i>Net assets per share attributable to ordinary equity holders of the parent (RM)</i>	<i>0.87</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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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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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 30 Jun 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	-	-	-	(7,506)	(7,506)
Total comprehensive income for the period	-	-	-	5,257	5,257
At 30 June 2017	98,773	-	(21)	64,766	163,518
<i>For the period ended 30 Jun 2016</i>					
At 1 January 2016	93,844	4,929	(21)	66,037	164,789
Dividends paid to shareholders	-	-	-	(9,383)	(9,383)
Total comprehensive income for the period	-	-	-	10,973	10,973
At 30 June 2016	93,844	4,929	(21)	67,627	166,379

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 6 months ended 30 Jun 2017 RM'000	Unaudited 6 months ended 30 Jun 2016 RM'000
OPERATING ACTIVITIES		
Profit before taxation	7,188	14,373
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	4,857	4,252
Loss on disposal of property, plant and equipment	-	5
Interest income	(342)	(1,036)
Reversal of impairment loss on receivables	-	(26)
Loss/(gain) on foreign exchange - unrealised	8	(233)
Operating cash flows before working capital changes	11,711	17,335
Decrease/(increase) in inventories	18,838	(252)
Decrease in receivables	11,087	2,373
Decrease in payables	(46,754)	(7,386)
Cash flows (used in)/from operations	(5,118)	12,070
Income taxes paid	(2,310)	(1,689)
Net cash flows (used in)/from operating activities	(7,428)	10,381
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(191)	(4,309)
Interest received	342	1,036
Net cash flows from/(used in) investing activities	151	(3,273)
FINANCING ACTIVITIES		
Dividends paid	(7,506)	(9,383)
Net cash flows used in financing activities	(7,506)	(9,383)
Net decrease in cash and cash equivalents	(14,783)	(2,275)
Cash and cash equivalents at 1 January	45,068	60,288
Effects of exchange differences	63	(10)
Fair value changes in financial derivatives	(735)	-
Cash and cash equivalents at 30 June	29,613	58,003
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	14,272	5,480
Repository deposits with a licensed bank	-	963
Short term deposits with financial institutions	15,341	51,560
	29,613	58,003

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 SECOND QUARTER ENDED 30 JUNE 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 22 August 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 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 30 June 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 6 months period ended 30 June 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>
In respect of the financial year ended 31 December 2017:	
- First Single Tier interim dividend of 2 sen per share, paid on 30 June 2017	<u>3,753</u>
Total dividends paid as at 30 June 2017	<u><u>7,506</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 geographical segments as follows:

	Current quarter				Cumulative quarter			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 Jun		30 Jun		30 Jun		30 Jun	
	2017		2016		2017		2016	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Malaysia	19,260	26%	18,015	23%	38,698	24%	32,766	20%
South Korea	13,369	18%	15,728	20%	29,784	19%	35,110	21%
Japan	12,235	17%	15,415	20%	26,684	17%	31,677	19%
Singapore	7,584	10%	8,991	11%	15,463	10%	17,565	11%
Other ASEAN Countries	6,256	8%	5,139	6%	14,758	9%	12,367	8%
Australasia	6,589	9%	6,209	8%	12,857	8%	14,230	9%
Other Far East Countries	4,449	6%	4,753	6%	9,247	6%	11,921	7%
Other countries	4,091	6%	4,561	6%	10,675	7%	8,531	5%
Total operating revenue	<u>73,833</u>	100%	<u>78,811</u>	100%	<u>158,166</u>	100%	<u>164,167</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 June 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 performances for the current quarter ("2Q17") and 6 months period ended 30 June 2017 ("6MFY17") compared with last financial year's corresponding quarter ("2Q16") and 6-month period ("6MFY16") are as follows:

Description	Unaudited 2Q17 RM'000	Unaudited 2Q16 RM'000	Change %	Unaudited 6MFY17 RM'000	Unaudited 6MFY16 RM'000	Change %
Revenue	73,833	78,811	-6.32	158,166	164,167	-3.65
PBT	2,158	6,794	-68.24	7,188	14,373	-49.99
PAT	1,627	5,194	-68.67	5,257	10,973	-52.09

Quarter Review (2Q17 vs 2Q16)

For the current quarter, the Group achieved lower operating revenue of RM73.83 million, a decrease of 6.32% compared to RM78.81 million in 2Q16 mainly due to weaker demand from export markets and pricing pressure.

The Group achieved a lower unaudited profit before tax (PBT) for the quarter under review of RM2.16 million, a decrease of 68.24% compared to unaudited PBT of RM6.79 million in 2Q16.

Unaudited profit after tax (PAT) for the quarter under review was also lower by 68.67% at RM1.63 million, compared to the unaudited PAT of RM5.19 million in 2Q16.

The decline in PBT and PAT for the quarter under review was mainly due to higher resin costs which the Group was unable to completely pass through to its customers in order to maintain price competitiveness.

Year-to-date Review (6MFY17 vs 6MFY16)

For the 6 months ended 30 June 2017, the Group registered lower operating revenue of RM158.17 million, a decrease of 3.65% compared to RM164.67 million in 6MFY16.

The Group achieved a lower unaudited PBT for the quarter under review of RM7.19 million, a decrease of 49.99% compared to unaudited PBT of RM14.37 million in 6MFY16.

Unaudited PAT for the quarter under review was also lower by 52.09% at RM5.26 million, compared to the unaudited PAT of RM10.97 million in 6MFY16.

The decline in PBT and PAT for the quarter under review was mainly due to higher resin costs which the Group was unable to completely pass through to its customers in order to maintain price competitiveness.

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("2Q17") compared with the preceding quarter ("1Q17") is as follows:

Description	Unaudited 2Q17 RM'000	Unaudited 1Q17 RM'000	Change %
Revenue	73,833	84,333	-12.45
PBT	2,158	5,029	-57.09
PAT	1,627	3,629	-55.17

Operating revenue for the current quarter of RM73.83 million was lower by 12.45% compared to RM84.33 million in 1Q17 mainly due to weaker demand from export markets and pricing pressure.

Unaudited PBT of RM2.16 million for the quarter under review was lower by 57.09% compared with the unaudited PBT of RM5.03 million in 1Q17.

Unaudited PAT of RM1.63 million for the quarter under review was lower by 55.17% compared with the unaudited PAT of RM3.63 million in 1Q17.

The decline in PBT and PAT for the quarter under review was mainly due to higher resin costs carried forward which the Group was unable to completely pass through to its customers in order to maintain price competitiveness. In addition, RM471,000 net foreign currency loss was incurred for the quarter under review compared to RM239,000 net foreign currency gain in 1Q17.

B.3 Current year prospects

The Group remains prudent of the many challenges ahead arising from the sluggish and uneven global economic recovery, volatility in commodity prices, geopolitical and financial market developments while competition continues to intensify. The Group continues to seek opportunities for machine and product innovations, and implement strategies to improve on export sales.

Despite the challenging business environment, with the on-going cost management and rationalisation measures coupled with progressive quality and efficiency enhancements, barring any unforeseen circumstances, the Group expects to deliver an improved performance in the second half of the year.

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.

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B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 Months ended		Cumulative quarter 6 Months ended	
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	30 Jun 2017 RM'000	30 Jun 2016 RM'000
Interest income	(179)	(536)	(342)	(1,036)
Depreciation of property, plant and equipment	2,421	2,129	4,857	4,252
Gain on disposal of property, plant and equipment	-	(5)	-	-
Reversal of impairment loss on receivables	-	-	-	(26)
Foreign exchange (gain)/loss – realized	463	(62)	224	650
Foreign exchange (gain)/loss – Unrealized	8	(233)	8	(233)

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	30 Jun 2017 RM'000	30 Jun 2016 RM'000
Income tax	900	1,600	2,300	3,400
Deferred tax	(369)	-	(369)	-
	<u>531</u>	<u>1,600</u>	<u>1,931</u>	<u>3,400</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 26.86%, which is slightly higher than the previous corresponding period's effective tax rate of 23.65%.

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.

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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.

B.12 Realised and unrealised earnings disclosure

The breakdown of the retained earnings of the Group as at 30 June 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 period ended	Previous financial year ended
	30 Jun 2017	31 Dec 2016
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total retained earnings of BP Plastics Holding Bhd and its subsidiaries:		
- Realised	109,704	112,713
- Unrealised	(9,238)	(9,998)
	100,466	102,715
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained earnings as per consolidated accounts	64,766	67,015

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B.13 Capital commitment

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

	30 Jun 2017	31 Dec 2016
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved but not contracted for	3,959	-
Approved and contracted for	712	-
	<u>4,671</u>	<u>-</u>

B.14 Material litigation

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

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 2016 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		6 months ended	
		30 Jun	30 Jun	30 Jun	30 June
		2017	2016	2017	2016
Net profit for the period	(RM'000)	1,627	5,194	5,257	10,973
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	0.87	2.77	2.80	5.85

By Order of the Board

Company Secretary

DATED: 22 August 2017